

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

B E T W E E N:

**THE CATALYST CAPITAL GROUP INC. and CALLIDUS CAPITAL
CORPORATION**

Plaintiffs

-and-

**WEST FACE CAPITAL INC., GREGORY BOLAND, M5V ADVISORS INC.
c.ob. ANSON GROUP CANADA, ADMIRALTY ADVISORS LLC, FRIGATE
VENTURES LP, ANSON INVESTMENTS LP, ANSON CAPITAL LP, ANSON
INVESTMENTS MASTER FUND LP, AIMF GP, ANSON CATALYST
MASTER FUND LP, ACF GP, MOEZ KASSAM, ADAM SPEARS, SUNNY
PURI, CLARITYSPRING INC., NATHAN ANDERSON, BRUCE
LANGSTAFF, ROB COPELAND, KEVIN BAUMANN, JEFFREY
MCFARLANE, DARRYL LEVITT, RICHARD MOLYNEUX, GERALD DUHAMEL,
GEORGE WESLEY VOORHEIS, BRUCE LIVESEY and JOHN DOES #4-10**

Defendants

- and -

CANACCORD GENUITY CORP.

Third Party

STATEMENT OF DEFENCE

1. The Defendants, Anson Advisors Inc. c.o.b. Anson Funds, Anson Management GP LLC, Anson Funds Management LP, Anson Investments LP, Anson Investments Master Fund LP, AIMF GP LLC, Anson Catalyst Master Fund LP, and ACF GP LLC (the “Corporate Anson Defendants”), and Moez Kassam, Adam Spears, and Sunny Puri (the “Individual Anson Defendants”), will be referred to collectively as “Anson.”

2. The plaintiffs have incorrectly named several of the Anson entities. A list of the Anson-related defendants named in the Statement of Claim and the correct name of each entity is attached as Schedule A. This Statement of Defence refers only to the correct names of these entities.

3. Anson admits the allegations contained in paragraphs 6 and 12 of the Fresh as Amended Statement of Claim dated July 19, 2019 (the “Claim”).

4. Except as expressly admitted below, Anson denies all other allegations in the Claim. Anson further denies that the plaintiffs are entitled to any of the relief claimed in paragraph 1 of the Claim. Specifically, paragraphs 9-11 and 13-17 are inaccurate and are therefore denied.

5. Anson has no knowledge in respect of the allegations contained in paragraphs 7, 21, 23-24, 26-27, 29-33, 41-43, 46-54, 63-66, 69, 74-76, 81-82, 104, subparagraphs 118(a)-(f), 120, subparagraphs 123(a) and (c)-(h) and (j)-(n), subparagraphs 124(a)-(b), 133, 135, 152-153, and 190 of the Claim.

Overview

6. In the Claim, the plaintiffs allege a confused and at times incoherent conspiracy theory involving 25 named defendants and 7 unnamed “John Doe” defendants. In an effort to substantiate their theory, the plaintiffs make bald allegations of wrongdoing against dozens of defendants. Several allegations with respect to the Anson defendants appear to lack any basis in fact or connection to the matters alleged in the Claim.

7. The plaintiffs’ claim against Anson is unfounded and based on nothing more than speculation and conjecture. As pleaded below, Anson has no knowledge of, and was not involved in, the conspiracy alleged in the Claim. Anson has neither met nor had contact with most of the defendants in this action.

8. At all materials times, Anson sought to achieve legitimate and lawful business objectives in compliance with all applicable laws. It strongly denies engaging in any unlawful or tortious conduct.

The Parties

9. The corporate Anson defendant, Anson Funds, is a privately held alternative asset management company based in Toronto. As part of its business, Anson Funds seeks out investment opportunities and takes both long and short positions in companies after conducting extensive due diligence. Anson Funds, together with Anson Funds Management LP, manages multiple funds, including those listed in Schedule A.

10. The defendant, Moez Kassam, is a co-founder and principal of Anson Funds. Kassam advises all funds under management and is responsible for investment strategy, trading, and overall investment performance.

11. The defendant, Sunny Puri, is a principal and portfolio manager with Anson Funds and is involved in the investment process.

12. The defendant, Adam Spears, is a former principal of Anson Funds. In or around February 2018, Spears left Anson Funds and ended his tenure with its affiliated entities.

Anson Did Not Conspire to Harm Catalyst or Callidus

Anson had no contact with the other defendants

13. Anson denies all claims relating to its alleged contact, communication, and coordination with the other defendants. Anson has no knowledge of, and was not involved in, any part of a conspiracy, as alleged or otherwise.

14. Except as discussed below, none of the Anson defendants have met, contacted, or communicated with any of the other defendants in any forum or on any platform whatsoever.

15. To the extent Anson communicated with the other defendants, such contact was extremely limited and had no relation whatsoever to the conspiracy as alleged in the Claim. Specifically, as pleaded below, Puri met with Boland only once for a 10-minute job interview years before Callidus' securities were publicly listed; Anson spoke with Anderson and Levitt regarding Callidus only a handful of times, during which Anson expressly declined to fund a whistleblower complaint; and Anson communicated with Langstaff in the normal course of

business in his capacity as an employee of Canaccord and only to discuss investment opportunities.

16. Anson expressly denies having any contact, involvement, and/or communication with any of the other defendants.

17. Anson further denies that it took or agreed to take any actions in connection with Callidus or Catalyst as alleged in the Claim.

18. Anson has no knowledge of the extent to which the other defendants communicated and/or agreed to coordinate with respect to the actions as alleged in the Claim (including but not limited to spreading false information, filing whistleblower complaints, leaking the existence and substance of complaints to media outlets, and taking short positions on Callidus stock). Anson did not participate in any of these actions.

19. Anson was unaware of, and did not participate in, the alleged short-selling conspiracy. Nor does Anson have knowledge of the other defendants' trading activity in respect of Callidus.

20. Anson further denies providing any support, financial or otherwise, to any individual or entity in connection with the alleged conspiracy as pleaded in the Claim. At no time did Anson offer to fund, or in fact fund, any party to this action.

21. Except as discussed below, Anson specifically denies any contact or communication with West Face, Gregory Boland, or George Wesley Voorheis as alleged in the Claim. Contrary to the allegations in paragraphs 67-68 and 78-79 of the Claim, Kassam is not a "business colleague and personal friend of Boland" and Anson has never collaborated with West Face in "making joint investments" or in "coordinat[ing] short-selling" activities. Kassam has never met or communicated with Boland, Voorheis, or West Face.

22. Anson specifically denies any contact or communication with Bruce Livesey or Rob Copeland, the journalists named as defendants in this action. Contrary to the allegations in paragraph 86 of the Claim, none of the Anson defendants have met or communicated, directly or indirectly, with either Livesey or Copeland.

23. Anson expressly denies the allegations in paragraph 122(j) of the Claim. These allegations are pure conjecture; they are untrue and have no basis in fact. The Anson defendants have no knowledge of and did not attend the alleged dinner meeting at Barbarians on July 14, 2017. Anson specifically denies that the meeting occurred as alleged. Accordingly, Anson denies having any knowledge of the “approximately 10 other people” referred to in paragraph 122(j) of the Claim. Anson cannot have knowledge of a meeting which it was unaware of and did not attend.

Anson met with certain parties in the normal course of business

24. As part of its business, Anson meets with various market players, including investment banks and private equity funds. These meetings are held in the normal course of business and are part of Anson’s process of learning about investment opportunities.

25. In or around February 2017, Spears was introduced to Levitt. Spears and Levitt spoke from time to time in the normal course of business to discuss investment opportunities.

26. At no time did Levitt disclose or suggest to Spears any communications, plans, intentions, or agreements, involving himself or others, regarding the alleged conspiracy (or any part thereof) as pleaded in the Claim.

27. In or around this time, Levitt introduced Spears to Anderson. Following their introduction, Spears and Anderson spoke from time to time in the normal course of business to discuss investment opportunities.

28. Anderson told Spears that certain individuals were contemplating filing a whistleblower complaint about Callidus. Spears understood that the potential complaints related to Callidus’ business practices, including the stated value of its assets, material non-disclosures, and financial misrepresentations. Anderson and Levitt asked Spears if Anson was interested in funding the whistleblower complaint.

29. Spears, on behalf of Anson, declined.

30. Although Spears was aware that certain individuals were contemplating filing a complaint regarding Callidus' market practices, he did not participate in any further discussions on this topic.

31. Anson had no further communications with either Levitt or Anderson about Callidus or Catalyst as alleged in the Claim.

32. Anson was also a client of Canaccord Genuity Corp. It was in this context that Anson communicated with Bruce Langstaff, a former Managing Director, Canadian Equity Sales at Canaccord.

33. In his capacity as an employee of Canaccord, Langstaff would, in the normal course of business, share publicly available information to help inform Anson's trading strategies.

34. From time to time, Langstaff would also provide Anson with advice and publicly available information about Callidus. The purpose of this information was to inform Anson's investment decisions and trading strategies. This information was provided in the normal course of business; it was not intended to induce and/or facilitate any conspiracy or campaign of defamation as alleged in the Claim.

35. Contrary to the allegations in paragraphs 119 and 122 of the Claim, Anson has never had a financial relationship with Marc Cohodes. While certain of the Anson defendants have a professional relationship with Cohodes, Anson expressly denies that any of the Anson defendants had any discussions or communications with Cohodes about Callidus or Catalyst as alleged in the Claim.

36. Moreover, in or around 2012, Puri met with Boland briefly for a job interview. The interview, which lasted approximately 10 minutes, took place prior to Puri joining Anson and prior to Puri meeting either Kassam or Spears. Puri had no further contact or communication with Boland after that meeting.

37. Anson expressly denies having any contact, involvement, and/or communication with the other defendants.

Anson was not involved in the alleged “whistleblower” complaints

38. Anson denies all claims relating to the alleged “whistleblower” complaints.

39. Anson has no knowledge of, and was not involved in, the complaints allegedly made to the Ontario Securities Commission, the Securities Exchange Commission, the Joint Serious Offences Team, and/or the Toronto Police Service. Anson was not involved in preparing, filing, or disseminating the alleged complaints. Further, at no time did Anson review, comment on, participate in, or communicate with the other defendants in relation to the alleged complaints.

40. To the extent Anson was aware of the alleged complaints, its knowledge is limited to that as described in paragraphs 28-30, above. At this time, Anson did not know whether any complaints were filed and was therefore unaware of the substance of the alleged complaints.

41. As pleaded above, Anson had discussions with Anderson and Levitt for legitimate business purposes – i.e., to consider investment ideas. To the extent there was anything unlawful about the alleged complaints, which is denied, Anson had nothing to do with it.

42. Except as described above, Anson has not met or spoken with the other defendants. Thus, Anson could not have known, approved of, or been involved in Levitt’s alleged communications with Cameron Watson in November 2016. As pleaded above, Spears was the only Anson defendant to ever have contact with Levitt, and he was not introduced to Levitt until February 2017.

Anson has no knowledge of, and was not involved in, the alleged defamatory actions

43. Anson denies all claims relating to the alleged conspiracy to defame the plaintiffs.

44. Anson has no knowledge of, nor did it participate in, the preparation, publication or dissemination of the alleged Defamatory Words (as defined in the Claim).

45. Anson further denies any involvement in the preparation or publication of the Article (as defined in the Claim). Anson specifically denies that it had had knowledge of the Article prior to its publication on August 9, 2017.

46. Anson further denies the allegations in paragraphs 132, 138, 145 and 156 of the Claim, and denies that it was involved in contacting any journalist or news outlet in connection with Callidus or Catalyst.

47. Further, as pleaded above, Anson was unaware of whether any complaints were filed and was therefore unaware of the substance of the alleged complaints. Accordingly, Anson could not have participated in communicating or coordinating with journalists or media outlets (or with others to contact journalists or media outlets) in connection with the alleged complaints.

Anson Took a Short Position on Callidus

48. Anson denies any wrongdoing in relation to its trading activity in securities of Callidus or Catalyst.

49. As part of its investment strategy, Anson takes both long and short positions on companies after conducting extensive due diligence based on publicly available information. Anson has, from time to time, taken short positions on Callidus shares. Anson's trading decisions were made on the basis that the stock was overvalued and because of the deep flaws that existed in the company's underlying business model. Anson became aware of these issues through its own due diligence process.

No Liability

50. Anson denies liability to the plaintiffs on each basis asserted in the Claim.

51. Anson expressly denies that it engaged in any conspiracy or coordinated short-selling of Callidus stock and expressly denies that it engaged in any of the conduct pleaded in the Claim.

52. Anson expressly denies making any statements about Callidus or Catalyst to the other defendants. In the alternative, if Anson made any statements about Callidus or Catalyst (which is expressly denied), any such statements were true.

No Damages

53. Anson denies liability for damages as claimed by the plaintiffs. In any event, the damages claimed are excessive and remote and not recoverable in law.

54. In the alternative, to the extent that the plaintiffs have suffered any damages (which is expressly denied), such damages are the result of the plaintiffs' own conduct and business practices and not the result of any acts or omissions allegedly committed by Anson.

55. In the further alternative, if the plaintiffs have suffered any damages (which is expressly denied), they have failed to take any steps to mitigate those damages.

Dismissal with costs

56. The plaintiffs have made serious allegations against Anson that lack any foundation and that are built entirely on fanciful conjecture. The Anson defendants ask that the Claim be dismissed against each of them with costs payable by the plaintiffs on a substantial indemnity basis.

Schedule A

Named Defendant	Correct Name
M5V Advisors Inc. c.o.b. Anson Group Canada	Anson Advisors Inc. c.o.b. Anson Funds
Admiralty Advisors LLC	Anson Management GP LLC
Frigate Ventures LP	Anson Funds Management LP
Anson Investments LP	Correct
Anson Capital LP	Does not exist
Anson Investments Master Fund LP	Correct
AIMF GP	AIMF GP LLC
Anson Catalyst Master Fund LP	Correct
ACF GP	ACF GP LLC
Moez Kassam	Correct
Adam Spears	Correct
Sunny Puri	Correct

September 27, 2019

Torys LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2
Fax: 416.865.7380

Linda Plumpton (LSO #: 38400A)
Tel: 416-865-8193
lplumpton@torys.com

Andrew Bernstein (LSO #: 42191F)
Tel: 416-865-7678
abernstein@torys.com

Stacey Reisman (LSO #: 72184U)
Tel: 416.865.7537
sreisman@torys.com

Lawyers for the Defendants,
M5V Advisors Inc. c.o.b. Anson Group Canada,
Admiralty Advisors LLC, Frigate Ventures LP,
Anson Investments LP, Anson Capital LP, Anson
Investments Master Fund LP, AIMF GP, Anson
Catalyst Master Fund LP, ACF GP, Moez Kassam,
Adam Spears and Sunny Puri

TO: **Gowling WLG (Canada) LLP**
Barristers and Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto, ON M5X 1G5
Tel: 416.862.7525
Fax: 416.862.7661

John Callaghan (LSO#: 29106K)
Tel: 416.369.6693
Fax: 416.862.7661
john.callaghan@gowlingwlg.com

Benjamin Na (LSO#: 409580)
Tel: 416.862.4455
Fax: 416.863.3455
benjamin.na@gowlingwlg.com

Matthew Karabus (LSO#: 61892D)
Tel: 416.369.6181
Fax: 416.862.7661
matthew.karabus@gowlingwlg.com

Lawyers for the Plaintiffs (Defendants to the Counterclaim), The Catalyst Capital Group Inc. and Callidus Capital Corporation and the Defendants to the Counterclaim, Gabriel De Alba, James Riley and Newton Glassman

Moore Barristers
393 University Avenue, Suite 1600
Toronto, ON M5G 1E6
Fax: 416.581.1279

David C. Moore (LSO#: 16996U)
Tel: 416.581.1818 (ext. 222)
david@moorebarristers.com

Kenneth G.G. Jones (LSO#: 299181)
Tel: 416.581.1818 (ext. 224)
kenjones@moorebarristers.ca

Lawyers for the Plaintiffs (Defendants to the Counterclaim), The Catalyst Capital Group Inc. and Callidus Capital Corporation and the Defendants to the Counterclaim, Gabriel De Alba, James Riley and Newton Glassman

AND TO: **Adair Goldblatt Bieber LLP**
95 Wellington Street West
Suite 1830
Toronto, ON M5J 2N7
Fax: 647.689.2059

John Adair
Tel: 416.941.5858
jadair@agblp.com

Gord McGuire
Tel: 416.351.2781
Fax: 416.689.2059
gmcguire@agblp.com

Michael Darcy
Tel: 416.583.2392
Fax: 647.689.2059
mdarcy@agblp.com

Lawyers for the Defendants to the Counterclaim, B.C. Strategy Ltd. d/b/a Black
Cube and B.C. Strategy UK Ltd. d/b/a Black Cube

AND TO: **MacKenzie Barristers**
120 Adelaide Street West
Suite 2100
Toronto, ON M5H 1T1

Gavin Mackenzie
Tel: 416.304.9293
Fax: 416.304.9296
gavin@mackenziebarristers.com

Brooke MacKenzie
Tel: 416.304.9294
Fax: 416.304.9296
brooke@mackenziebarristers.com

Lawyers for the Defendant to the Counterclaim,
Virginia Jamieson

AND TO: **Lerners LLP**
Barristers and Solicitors
130 Adelaide Street West
Suite 2400
Toronto, ON M5H 3P5

Lucas E. Lung (LSO#: 52595C)
Tel: 416.601.2673
Fax: 416.601.4192
llung@lerners.ca

Rebecca Shoom (LSO#: 68578G)
Tel: 416.601.2382
Fax: 416.601.4185
rshoom@lerners.ca

Lawyers for the Defendants,
ClaritySpring Inc. and Nathan Anderson

AND TO: **Davies Ward Phillips & Vineberg LLP**
Barristers and Solicitors
155 Wellington Street West
40th Floor
Toronto, ON M5V 3J7
Fax: 416.863.0871

Kent E. Thomson (LSO#: 24264J)
Tel: 416.863.5566
kthomson@dwpv.com

Matthew Milne-Smith (LSO#: 44266P)
Tel: 416.863.5595
mmilne-smith@dwpv.com

Andrew Carlson (LSO#: 58850N)
Tel: 416.367.7437
acarlson@dwpv.com

Lawyers for the Defendants,
West Face Capital Inc. and Gregory Boland

AND TO: **Milburn & Associates**
Barristers & Solicitors
20 Toronto Street
Suite 860
Toronto, ON M5C 2B8
Fax: 647.689.2983

A. Jane Milburn (LSO#: 39199U)
Tel: 647.728.8081
jmilburn@milburnlaw.ca

Devin M. Jarcaig (LSO#: 62223U)
Tel: 647.728.8083
djarcaig@milburnlaw.ca

Lawyers for the Defendant,
Bruce Langstaff

AND TO: **St. Lawrence Barristers**
144 King Street East
Toronto, ON M5C 1G8
Fax: 647.245.8285

Phil Tunley (LSO#: 26402J)
Tel: 647.245.8282
phil.tunley@stlbarristers.ca

Alexi N. Wood (LSO#: 54683F)
Tel: 647.245.8283
alexi.wood@stlbarristers.ca

Jennifer P. Saville (LSO#: 68564F)
Tel: 647.245.2222
jennifer.saville@stlbarristers.ca

Lawyers for the Defendant,
Rob Copeland

AND TO: **Hunt Partners LLP**
21 Balmuto St., Suite 1404
Toronto, ON M4Y 1W4
Fax: 416.943.1484

Andrew Burns (LSO#: 345912W)
Tel: 416.350.2934
aburns@huntlegal.com

Melissa Brainis
Tel: 416.350.2934
mbrainis@huntlegal.com

Lawyers for the Defendant, Kevin Baumann

AND TO: **Scott Venturo Rudakoff LLP**
Lawyers
222 3rd Ave SW
Calgary, AB T2P 0B4
Tel: 403.231.8209
Fax: 403.265.4632

Eugene J. Bodnar
Tel: 403.231.8209
g.bodnar@scottventuro.com

Breanne Campbell
Tel: 403.261.9043
b.campbell@scottventuro.com

Lawyers for the Defendant,
Kevin Baumann

AND TO: **Danson & Zucker**
Barristers and Solicitors
375 University Avenue
Suite 701
Toronto, ON M5G 2J5

Symon Zucker
Tel: 416.863.9955
Fax: 855.696.5441
sz@bondlaw.net

Lawyers for the Defendant,
Darryl Levitt

AND TO: **Solmon Rothbart Goodman LLP**
Barristers and Solicitors
375 University Avenue
Suite 701
Toronto, ON M5G 2J5
Fax: 416.947.0079

Melvyn L. Solmon (LSO#: 16156J)
Tel: 416.947.1093 (ext. 333)
msolomon@srglegal.com

Nancy Tourgis (LSO#: 37349I)
Tel: 416.947.1093 (ext. 342)
ntourgis@srglegal.com

Lawyers for the Defendant,
Richard Molyneux

AND TO: **Jeffrey McFarlane**
220 Dominion Drive
Suite B
Morrisville, NC 27560
jmcfarlane@triathloncc.com

Defendant

AND TO: **Crawley MacKewn Brush LLP**
Barristers and Solicitors
179 John Street
Suite 800
Toronto, ON M5T 1X4
Fax: 416.217.0220

Robert Brush (LSO#: 40373N)
Tel: 416.217.0822
rbrush@cmblaw.ca

Clarke Tedesco (LSO#: 55291C)
Tel: 416.217.0884
ctedesco@cmblaw.ca

Dana Carson (LSO#: 65439D)
Tel: 416.217.0110
dcarson@cmblaw.ca

Lawyers for the Third Party, Canaccord Genuity Corp.

AND TO: **Gerald Duhamel**
220 Antonio-Barrett
Drummondville, Quebec J2C 6J1

Defendant

AND TO: **McCarthy Tétrault LLP**
Suite 5300, TD Bank Tower
66 Wellington Street West
Toronto, ON M5K 1E6

R. Paul Steep (LSO #: 21869L)
Tel: 416.601.7998
Fax: 416.868.0673

Lawyers for the Defendant,
George Wesley Voorheis

AND TO: **Bruce Livesey**
230 Heath Street West
Toronto, ON M5P 1N8
livesey@rogers.com

Defendant

THE CATALYST CAPITAL GROUP INC. et al. v. WEST FACE CAPITAL INC. et al. v. CANACCORD GENUITY CORP.
Plaintiffs Defendants Third Party

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

STATEMENT OF DEFENCE

Torys LLP

79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, ON M5K 1N2
Fax: 416.865.7380

Linda Plumpton (LSO #: 38400A)
lplumpton@torys.com

Tel: 416-865-8193

Andrew Bernstein (LSO #: 42191F)
abernstein@torys.com

Tel: 416-865-7678

Stacey Reisman (LSO #: 72184U)
sreisman@torys.com

Tel: 416.865.7537

Lawyers for the Defendants, M5V Advisors Inc. c.o.b.
Anson Group Canada, Admiralty Advisors LLC, Frigate
Ventures LP, Anson Investments LP, Anson Capital LP,
Anson Investments Master Fund LP, AIMF GP, Anson
Catalyst Master Fund LP, ACF GP, Moez Kassam, Adam
Spears and Sunny Puri